



State of Idaho

DEPARTMENT OF WATER RESOURCES

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DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

Re: Support of Power Purchase Agreement in Case No. IPC-E-04-7

The Idaho Energy Division wishes to enter its support of the energy sales agreement between Idaho Power Company and the J.R. Simplot Company for the 15.9-megawatt cogeneration project near Pocatello.

The mission of the Idaho Energy Division is to promote wise and efficient use of energy, and cost-effective conservation. In furthering that mission, the Energy Division has recently undertaken the Combined Heat and Power (CHP) program under a grant from the Department of Energy and in collaboration with the Northwest Regional Combined Heat and Power Application Center at Washington State University. The specific objective of the CHP program is to encourage, promote, and assist in the development of projects similar in nature to the Simplot cogeneration facility.

The Idaho Energy Division believes that Combined Heat and Power projects, such as the Simplot cogeneration facility, serve to:

- Diversify our energy resources and thereby reduce risks to state, regional and national energy security,
Reduce electric transmission costs,
Boost community economies (jobs, revenues, well-being, etc.),
Lower overall energy costs on a total energy system cost/benefit basis,
Ensure fairness and equity for industries and consumers in our increasingly competitive global market economy,
Stabilize the State's industrial base.

Moreover, the Idaho Energy Division's position is: if the two parties to the agreement have, through negotiation, reached mutually satisfactory terms that satisfy their individual objectives and which both parties deem to be fair, and the project provides benefits to all Idaho Power ratepayers and our state, while simultaneously providing more efficient use of energy resources, it is implicitly worthy of support. We believe this agreement meets that criteria.

For the many reasons cited above, the Idaho Energy Division supports approval of the Power Purchase agreement between the J.R. Simplot Company and Idaho Power Company by the Idaho Public Utilities Commission.

Sincerely,

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Ken Eklund
Principal Energy Specialist
IDAHO ENERGY DIVISION

Cc: David Hawk, JR Simplot Co.

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